

20<sup>th</sup> June 2022



# CECA Wales Monday Briefing

## Latest meeting of the Welsh Construction Forum

Last week the Welsh Construction Forum held its latest meeting which was chaired by the Welsh Government Minister for the Economy, Vaughan Gething, with the Deputy Minister for Climate Change, Lee Waters, in attendance. The Forum, which was established during the first Covid lockdown period to improve public and private sector collaboration, offers our industry an unique opportunity to meet with two government ministers to discuss the issues that are challenging the construction sector.

Most of the meeting agenda was devoted to a range of “hot topics” which are causing particular difficulties for our sector at this point in time. The first was the inflationary pressures that we’re all currently experiencing and the way that these risks are being dealt with by all parties to construction contracts. The Welsh Government issued a Welsh Public Procurement Notice (WPPN) earlier this year to advise on how best to manage these pressures, however, this is clearly being applied in different ways by different clients. And a tendency to continue to pass as many risks as possible to supply chains is impacting the “desire” of supply chains to price and return tenders. The possibility of establishing a “task force” to explore these challenges further, especially the reality of project budgets no longer being realistic, was proposed and Ministers agreed to take this “offline” to consider how best to move this forward. Given the uncertainties ahead and the prospects of businesses going into administration this is something that needs careful consideration.

Project Bank Accounts and the need to safeguard cashflow continue to be a “hot topic” but we do appear to be making progress, albeit slowly! The interactive guidebook which we published almost 12 months ago has made a positive impact but progress was being hindered by difficulties in engaging with banks. These issues seem to be getting resolved now and we hope to see PBAs become “the norm” on all projects over £2m so that supply chain monies can be properly safeguarded.

Visibility of workflow pipelines is always a “hot topic” and ministers and officials were able to update delegates on the measures being put in place as part of the Social Partnership and Public Procurement Bill currently passing through the Senedd. This will require public bodies to publish future contracts over a particular value threshold. This needs more work in my view to ensure that all projects and programmes of work are shared in advance with the private sector so that we can plan accordingly. As the Bill is still being developed we will input and hopefully improve certain aspects of it.

The final “hot topic” related to the new UKCA conformity assessment & certification arrangements that replace CE Marking after 31 December this year. Whilst the UK Government is introducing a new “UK Conformity Assessed” mark for goods placed on the market in Great Britain from 1 January 2023 and UK Ministers seek new powers to end the recognition of CE Marking in favour of UKCA Marking in the recently-passed Building Safety Act there is deep frustration among manufacturers & importers that, at present, there is no route to accept historic test data & reports from EU Notified Bodies for use in complying with UKCA Marking. This poses a particular problem for goods in relation to the Assessment and Verification of Performance (AVCP) System 3. If manufacturers and distributors want to continue selling their goods in Great Britain, they have to be re-tested and certified by an accredited UK Approved Body. The trouble is that the UK Government have done very little to ensure that there are sufficient accredited bodies to do this and so there remains a high risk of “failure” on 1<sup>st</sup> January 2023. The Welsh Construction Federation Alliance (WCFA) have sent a letter to the Welsh Government to seek their support to put pressure on the UK Government to resolve this matter quickly.

The Forum also considered the future work programmes for the 3 working groups (Infrastructure, Buildings and Housing) with decarbonisation measures and retentions policy high on the agenda. Future updates will be provided as progress is made.

***Whilst the Forum is not a panacea for all our troubles it does offer a great opportunity for public and private sectors to work together to address our challenges and develop joint solutions to move forward. Having two government ministers leading the process also means that we have a chance of overcoming any “sticking points”. But it will only be effective if we positively engage as private sector businesses and bring our own expertise and resource to the table.***

## CECA Wales Political Update

Infrastructure matters at the Senedd and Westminster last week included :

- The Climate Change, Environment, and Infrastructure Committee met this week to hold a scrutiny session with the Minister and Deputy Minister for Climate Change where they provided an update on transport infrastructure and renewable energy generation.
- PEDW: James Evans MS has tabled a written questions asking what steps the Welsh Government is taking to “reduce the backlog of new appeals waiting to be validated and started by the Planning and Environment Decisions Wales”.

- Innovation Strategy: The Economy Minister confirmed plans to issue a draft Innovation Strategy for consultation in the summer, with final publication planned for the autumn.
- Procurement: The Welsh Government has published a statement of policy intent to accompany the Social Partnership and Public Procurement (Wales) Bill.
- Hydrogen: Opening Plaid Cymru's debate on hydrogen, Rhun ap Iorwerth MS emphasised that it is impossible to decarbonise the UK economy without scaling up hydrogen use in Wales.
- On Wednesday 22 June, the Welsh Conservatives will lead a debate denouncing the Welsh transport network as unfit for purpose.
- The Minister for Climate Change will answer questions in plenary on Wednesday 22 June.
- At Westminster the Levelling Up, Housing and Communities Committee held an oral evidence session on the Levelling Up and Regeneration Bill.
- The Land Use Committee held an oral evidence session on carbon markets and the future of food production.
- Jacob Young MP (Con, Redcar) held a Westminster Hall debate to discuss the future hydrogen economy.
- The UK Infrastructure Bank Bill had its committee stage in the House of Lords.
- The Department for Business, Energy and Industrial Strategy published an open consultation Revenue stream for the nuclear regulated asset base (RAB) model.
- The Department for Transport published a policy paper Future of Freight Plan. The first-ever cross-modal and cross government plan for the UK freight transport sector.
- David Jones MP (Con, Clwyd West) held a Westminster Hall debate on the future of low-carbon off-gas grid home and business heating.

## CECA Wales Director Activities

My activities over the last, short week included :

- Hosting our final programmed workshop for members on the NEC4 form of contract
- Attending and presenting to the Welsh Construction Forum
- Preparing proposals for schools engagement/curriculum support resources for CECA members
- Meeting members of the Welsh Construction Federation Alliance in relation to UKCA conformance and accreditation
- Meeting members to discuss business development opportunities

## Client engagement and business opportunities

Our Joint Annual Conference was held 20<sup>th</sup> May with our partners at the County Surveyors Society (CSS) Cymru and ACE. We were joined by a number of public and private sector clients. More about this when we publish our post conference report later in the summer.

I am continuing to engage regularly with construction clients across Wales and the UK. However, if you feel that your business would benefit from particular engagement please let me know.

## Training Events

Please note that our events programme for 2022 is underway and will be constantly refreshed throughout the year. Here's the link <https://www.ceca.co.uk/wales/events/> .

Our current series of **NEC4 workshops** for members has just come to a close. However, we are organising a further programmes of courses for the coming Autumn and Winter seasons. Please be assured that, as always, we will ensure that all CECA Wales members will be able to access these courses but please keep an eye out for further announcements via these briefings and our website.

We are also assessing the need for membership training in **Carbon Management** and will announce proposals in the near future.